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FM AMEMBASSY RANGOON
TO RUEHC/SECSTATE WASHDC IMMEDIATE 6994
INFO RUCNASE/ASEAN MEMBER COLLECTIVE
RUEHBY/AMEMBASSY CANBERRA 0803
RUEHBJ/AMEMBASSY BEIJING 1653
RUEHKA/AMEMBASSY DHAKA 4707
RUEHNE/AMEMBASSY NEW DELHI 4349
RUEHUL/AMEMBASSY SEOUL 7894
RUEHKO/AMEMBASSY TOKYO 5455
RUEHCN/AMCONSUL CHENGDU 1292
RUEHCHI/AMCONSUL CHIANG MAI 1308
RUEHCI/AMCONSUL KOLKATA 0159
RUEHMT/AMCONSUL MONTREAL 0053
RUEKJCS/DIA WASHDC
RUEAIIA/CIA WASHDC
RUEATRS/DEPT OF TREASURY WASHDC
RUEHGV/USMISSION GENEVA 3443
RHEHNSC/NSC WASHDC
RUEKJCS/SECDEF WASHDC
RUEKJCS/JOINT STAFF WASHDC
RUCNDT/USMISSION USUN NEW YORK 1243
RUEHBS/USEU BRUSSELS

C O N F I D E N T I A L SECTION 01 OF 02 RANGOON 000016

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E.O. 12958: DECL: 01/11/2018
TAGS: [BM](#) [EAIR](#) [ECON](#) [PGOV](#) [PREL](#)
SUBJECT: QATAR AIR "TO SUSPEND" OPERATIONS

REF: A. RANGOON 004

[1](#)B. 07 RANGOON 1108

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Classified By: Economic Officer Samantha A. Carl-Yoder for Reasons 1.4
(b and d)

[1](#)1. (C) Summary. Although Qatar Airways will stop direct flights between Doha and Rangoon on January 20 (Ref A), Qatar Airways Area Director Shahab Attarzadeh emphasized that the airline is not pulling out, but is only "suspending" operations. Since September, Qatar Airways has seen a 70 percent drop in bookings, averaging sixty passengers per flight, and has been losing an estimated \$1 million per week on the Rangoon flight. Attarzadeh stressed that Qatar Airways did not stop flights because of U.S. sanctions, but admitted that the political violence and subsequent downturn in tourism played a role. Qatar Airways told the Minister of Transport that if the GOB implements visa on arrival and loosens restrictions on Burmese passports, it may resume the Doha-Rangoon flight. End Summary.

Suspension of Service

[1](#)2. (C) During a January 10 meeting with Qatar Airways, Area Director Shahab Attarzadeh (the General Manager has already departed Rangoon) repeatedly stressed that Qatar Airways was not closing down its operations in Burma, but instead was "suspending service." Qatar Airways will maintain its ticketing and administrative offices, which employ 19 people. When asked why Qatar halted flights,

Attarzadeh explained that since September, Qatar Airways has seen a 70 percent drop in bookings compared to last year's figures. In 2006, Qatar averaged 225 passengers per flight on its Doha-Rangoon-Doha flights. In the last quarter of 2007, Qatar Airways averaged 60 passengers on its flights, only 20 percent capacity. While Attarzadeh would not give us the exact figures, he told us that Qatar Airways had lost more than \$100,000 per flight. With four roundtrip flights a week, Qatar Airways has been losing close to \$1 million a week since October.

13. (C) Attarzadeh noted that the number of tourists visiting Burma has dropped markedly since the September violence. The majority of Qatar Airways' passengers were European, he explained. After the violent regime crackdown in September and the subsequent EU sanctions, the number of European tourists traveling to Burma dropped by more than 80 percent. Attarzadeh understood that the Burmese Embassies in Europe were not issuing as many tourist visas as in previous years, and that Europeans were afraid to travel to "such a restrictive country." Qatar Airways, like many international airlines flying to Burma, relies on the profits made during the high season (September-March) to cover the rest of the year. With such low loads, it did not much business sense for Qatar Airways to maintain the flights, he explained.

14. (C) He also noted that the number of Burmese traveling to Doha on Qatar Airways were few, totaling approximately 1,000 people in 2007. He estimated that there were less than 30,000 Burmese workers living in the Middle East. With the government maintaining and enhancing tight controls on passports, Burmese workers were unable to leave Burma, even if they had a job in the Middle East. Attarzadeh did say that some rich Burmese would take flights to Doha every few months, but could not indicate the nature of their business in the Middle East.

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Not Because of U.S. Sanctions

15. (C) Qatar Airways' decision to suspend flights was not because of U.S. sanctions, Attarzadeh declared. Qatar Airways management decided in mid-October (before the U.S. tightened its sanctions on Burma) to suspend flights because it foresaw the drop in tourism and the subsequent profit loss. The only reason Qatar will fly until January 20 is because it must fulfill its hajj obligations, he explained.

Possible Resumption in Flights

16. (C) The Minister of Transport met with Qatar Airways General Manager on January 7 to see whether Qatar Airways would reverse its decision. According to Attarzadeh, the General Manager informed the Minister that several things would need to change before Qatar would return to Burma, including implementation of visa-on-arrival for European and Middle Eastern travelers, as well making it easier for Burmese citizens to obtain passports and travel. Attarzadeh explained that a resumption of flights was possible in the future, but opined it could be several years before the Burmese Government made the necessary changes to attract tourists.

Comment

17. (C) Qatar Airlines is just one company within the tourist industry that is feeling the results of the Burmese Government's violent crackdown on peaceful demonstrators (Ref B). Hotels in Rangoon, Mandalay, and Bagan all report significantly lower than normal occupancy. While the number of tourists in December increased by 20 percent compared to October levels, overall tourism remains far lower than last

year's figures. As a result, many small Burmese tourist operations, which rely on income earned during high season, have closed shop and laid off workers. The decline in tourism in the wake of the September crackdown shows the lingering affects spreading throughout the economy months later.

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